

## Message Text

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65

ACTION ARA-10

INFO OCT-01 ISO-00 USIE-00 AID-05 CIAE-00 COME-00 EB-07

FRB-03 INR-07 NSAE-00 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 TAR-01 L-03 SSO-00

INRE-00 AS-01 /052 W

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O 242322Z JUN 75

FM AMEMBASSY SAN JOSE

TO SECSTATE WASHDC IMMEDIATE 0592

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E.O. 11652: N/A

TAGS: ETRD, CS

SUBJECT: TAX ON SOFTDRINK BOTTLERS

REF: SAN JOSE 2051 AND 2262

1. THE BILL THAT WOULD LEVY INCREASED TAXES ON SOFT-DRINK BOTTLERS IS STILL PENDING IN THE LEGISLATIVE ASSEMBLY. THE COCA-COLA MANAGER, HEINZ HUEBNER, TOLD AN EMBOFF RECENTLY THAT HE IS HOPEFUL THAT THE BILL WILL BE AMENDED TO ELIMINATE THE DISCRIMINATORY ELEMENT OF THE NEW TAX AND TO CHARGE BOTTLERS OF BOTH LOCAL AND FOREIGN-MADE BEVERAGES THE SAME TAX.

2. HUEBNER SAID THAT COCA-COLA IS PUTTING PRESSURE ON THE COSTA RICAN GOVERNMENT THROUGH A SUGAR CONTRACT IT HAS NEGOTIATED BUT NOT YET SIGNED. THE COMPANY HAD AGREED TO PAY 14 1/2 CENTS PER POUND FOR A CONSIDERABLE QUANTITY OF COSTA RICAN SUGAR AND THE MARKET PRICE IS NOW DOWN TO ONLY ABOUT 11 CENTS PER POUND. HUEBNER SAID THAT TRANSPORT MINISTER ALVARO JENKINS, WHO ALSO HEADS THE SUGAR BOARD, VISITED COCA-COLA HEADQUARTERS IN ATLANTA RECENTLY AND IT WAS CLEARLY IMPLIED TO HIM

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ON THAT OCCASION THAT THE COMPANY IS HOLDING UP ON SIGNING THE

SUGAR CONTRACT UNTIL IT SEES THE OUTCOME OF THE SOFTDRINK BOTTLING  
TAX BILL IN THE COSTA RICAN CONGRESS.

3. COMMENT. - THE COCA-COLA COMPANY IS FORTUNATE TO  
HAVE AVAILABLE SOME ECONOMIC LEVERAGE AT THIS TIME BECAUSE  
ITS CASE AGAINST THE DISCRIMINATORY ASPECT OF THE BILL IS  
NOT AS STRONG AS IT MIGHT BE. THIS IS BECAUSE THE SOFTDRINK  
BOTTLERS ACCEPTED THE EXISTING SOFTDRINK LEGISLATION, WHICH  
ALSO CONTAINS A DISCRIMINATORY ELEMENT, WHEN IT WAS ENACTED  
SEVERAL YEARS AGO. THEY DID SO MAINLY BECAUSE THE TAX,  
ALTHOUGH DISCRIMINATORY, WAS CONSIDERED SO LOW AS TO BE OF  
NO SIGNIFICANCE.  
TODMAN

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** TRADE DISCRIMINATION, CUSTOMS DUTIES, LEGISLATIVE BILLS, TRADE CONTROLS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 24 JUN 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** GolinoFR  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
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**Document Unique ID:** 00  
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**Film Number:** D750219-0423  
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